

SENATE BILL NO. 418

INTRODUCED BY D. WEINBERG

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ALLOCATION OF LODGING FACILITY USE TAXES FOR CERTAIN QUALIFYING CITIES; AMENDING SECTION 15-65-121, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-65-121, MCA, is amended to read:

"15-65-121. (Temporary) Distribution of tax proceeds. (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 15-1-501 and as provided in subsections (1)(a) through (1)(e) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies. The amount of \$400,000 each year must be deposited in the Montana heritage preservation and development account provided for in 22-3-1004. The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation, deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies, or deposited in the heritage preservation and development account is statutorily appropriated, as provided in 17-7-502, and must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the Montana historical society, to the university system, and to the department of fish, wildlife, and parks, as follows:

- (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside historical signs and historic sites;
- (b) 2.5% to the university system for the establishment and maintenance of a Montana travel research

1 program;

2 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that
3 have both resident and nonresident use;

4 (d) 67.5% to be used directly by the department of commerce; and

5 (e) (i) except as provided in subsection (1)(e)(ii), 22.5% to be distributed by the department to regional
6 nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds
7 collected statewide; and

8 (ii) (A) subject to subsection (1)(e)(ii)(B), if 22.5% of the proceeds collected annually within the limits of
9 a city, consolidated city-county, resort area, or resort area district exceeds \$35,000, 50% of the amount available
10 for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county,
11 resort area, or resort area district is located, to be distributed to the nonprofit convention and visitors bureau in
12 that city, consolidated city-county, resort area, or resort area district; or

13 (B) if a city has formed a zoning district that includes an area outside of the city limits and if 22.5% of the
14 proceeds collected annually within the limits of the zoning district on file with the department exceeds \$35,000,
15 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the
16 city is located, to be distributed to the nonprofit convention and visitors bureau in that city.

17 (2) If a city, consolidated city-county, resort area, or resort area district qualifies under this section for
18 funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an
19 annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit
20 tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is
21 located.

22 (3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing
23 plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation
24 may be used by the department of commerce for tourism promotion and promotion of the state as a location for
25 the production of motion pictures and television commercials. (Terminates July 1, 2007--sec. 3, Ch. 469, L. 2001.)

26 **15-65-121. (Effective July 1, 2007) Distribution of tax proceeds.** (1) The proceeds of the tax imposed
27 by 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account in the state special
28 revenue fund to the credit of the department. The department may spend from that account in accordance with
29 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the
30 proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of

1 15-1-501 and as provided in subsections (1)(a) through (1)(e) of this section, the department shall determine the
2 expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from
3 the tax proceeds received each reporting period. The amount deducted must be deposited in the fund or funds
4 from which in-state lodging expenditures were paid by state agencies. The balance of the tax proceeds received
5 each reporting period and not deducted pursuant to the expenditure appropriation or deposited in the fund or
6 funds from which in-state lodging expenditures were paid by state agencies is statutorily appropriated, as
7 provided in 17-7-502, and must be transferred to an account in the state special revenue fund to the credit of the
8 department of commerce for tourism promotion and promotion of the state as a location for the production of
9 motion pictures and television commercials, to the Montana historical society, to the university system, and to the
10 department of fish, wildlife, and parks, as follows:

11 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside
12 historical signs and historic sites;

13 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel research
14 program;

15 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that
16 have both resident and nonresident use;

17 (d) 67.5% to be used directly by the department of commerce; and

18 (e) (i) except as provided in subsection (1)(e)(ii), 22.5% to be distributed by the department to regional
19 nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds
20 collected statewide; and

21 (ii) (A) subject to subsection (1)(e)(ii)(B), if 22.5% of the proceeds collected annually within the limits of
22 a city, consolidated city-county, resort area, or resort area district exceeds \$35,000, 50% of the amount available
23 for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county,
24 resort area, or resort area district is located, to be distributed to the nonprofit convention and visitors bureau in
25 that city, consolidated city-county, resort area, or resort area district; or

26 (B) if a city has formed a zoning district that includes an area outside of the city limits and if 22.5% of the
27 proceeds collected annually within the limits of the zoning district on file with the department exceeds \$35,000,
28 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the
29 city is located, to be distributed to the nonprofit convention and visitors bureau in that city.

30 (2) If a city, consolidated city-county, resort area, or resort area district qualifies under this section for

1 funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an
2 annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit
3 tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is
4 located.

5 (3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing
6 plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation
7 may be used by the department of commerce for tourism promotion and promotion of the state as a location for
8 the production of motion pictures and television commercials."

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10 NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 2007.

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